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APPLABS ACQUIRES STAKE IN MICROSOFT-BACKED xTV

HIGHLIGHTS

- **Applabs invests USD 400,000 in cash and stock to acquire up to 5.75% stake in xTV**
- **xTV product combines all streaming media into branded, real-time, interactive .TV networks**
- **xTV funded by Microsoft in 2012**
- **Seed funded by prominent Silicon Valley investors including Archimedes Labs**
- **First sales contracts with Microsoft, Intel and UST Global executed by xTV**
- **xTV advisory board includes current and past executives from Disney, AOL, Myspace, NYSE and Moody's**
- **Cisco predicts by 2017 that 70% of all internet traffic will be video content**

Applabs Technologies Ltd ("Applabs or the "Company") (ASX Code: ALA) is pleased to announce that it has executed agreements to invest USD 400,000 into MppApps Inc. The transaction involves a cash consideration of USD 200,000 in convertible debt which has been paid and a stock swap component of USD 200,000.

The xTV platform was developed by MppApps Inc team featuring CEO Joe Ward who is pioneering the .TV era where companies can create their own online, real time TV network. xTV allows users to combine all of their streaming media into a branded, real-time and interactive .TV network giving the power of information back to the users in a controlled and informative single platform. .TV is the next evolution of the 'website' and xTV is pioneering this evolution.

xTV Microsoft Funding

Microsoft provided significant funding to xTV in 2012 and reached an agreement for xTV to utilise the Microsoft Azure cloud-based services on which .TV networks are now hosted. Microsoft continues to be supportive of the xTV rollout and only recently



promoted xTV through the Microsoft Azure ISV Partnership in an ongoing marketing campaign to Microsoft's enterprise customers.

xTV has also been seed funded from prominent Silicon Valley investors, including Archimedes Labs. The recently announced partnership agreement with Archimedes Labs has allowed Applabs the opportunity to become an investor in the xTV platform alongside the Archimedes Ventures II Fund.

xTV CEO & Board of Advisors

Mr Joe Ward CEO

With 25 Years in Media & Technology, Joe has a passion for disruptive business models with a technology edge. Prior to xTV, Joe was the founder and President at uCirrus, a realtime relational database company backed by SK Telecom, Qualcomm, Intel Capital and ATA Ventures. His experience extends through multiple successful SaaS companies in USA and Asia Pacific including Workstar, Marketboomer and Axis Media.

Mr Michael Montgomery (Dreamworks, Disney & Montgomery & Co)

Mr Keith Teare (TechCrunch and Archimedes Labs)

Mr Brian Clark (CTO Moodys, NYSE)

Mr Michael Jones (Myspace & AOL)

Mr Thomas Varghese (Cofounder of Bharosa sold to Oracle)

xTV CEO Joe Ward commented:

“What we have built and created with xTV is a platform which allows consumers, businesses and large corporations to take back control of their streaming media and move away from static html .com sites. The problem which exists today is that most real-time streaming media is produced on third party platforms such as Facebook, Twitter and YouTube, which means consumers are drawn away from the corporations own .com websites and often the danger is the message then becomes lost with all the other conflicting data available on the third party platforms. xTV allows anyone to have a 24/7 integrated TV channel, streaming in real time all its media (YouTube, Facebook, Twitter, weather, stock indices, sporting news etc) on one simple platform on an interactive basis”

“The added benefit of having a dedicated .TV network is that consumers are 64% more likely to buy online after watching a video. Video content also has a 2-3x higher click through rate and consumer engagement is up to 400% higher than static

APPLABS TECHNOLOGIES LTD

SUITE 5, LEVEL 1, 12-20 RAILWAY ROAD, SUBIACO WA 6008

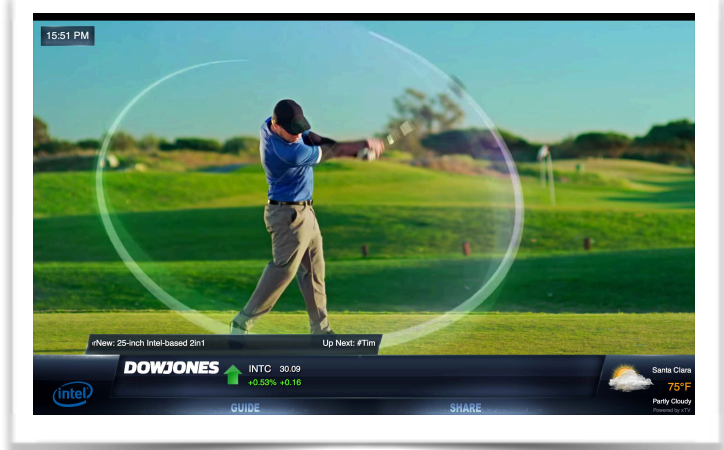
+61 8 9388 9968 | WWW.APPLABS.COM.AU | ACN 139 977 772



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content. Also real-time is faster, quicker to setup and runs 24/7 without maintenance”

xTV Platform in use - real-time, interactive and multiscreen





Applabs Managing Director Stuart Kidd commented:

“To be presented with investment opportunities with the calibre of xTV we believe is a huge benefit to our shareholders and cements the importance of the partnership agreement that we reached with Archimedes Labs. Seeing Fortune 500 companies such as Microsoft investing into xTV gives us immense confidence in the quality of the product that has been developed and we see a huge opportunity in the space. We certainly share the passion and excitement for the .TV era, and the global shift to real-time video content away from static html content is growing by the day. Cisco has published data on the space and they believe that by 2017, 70% of all internet traffic will be video based” (Source the Cisco Visual Networking Index (VNI) Forecast (2012-2017))

Investment Terms:

- * Applabs has subscribed for a USD 200,000 convertible promissory note in MppApps Inc. The note carries a 4% interest component.
- * Applabs has agreed to issue MppApps Inc shareholders USD 200,000 worth of Applabs fully paid ordinary shares at an issue price of AUD 0.23 per share in return for USD 200,000 worth of MppApps Inc common or preferred stock at an issue price of USD 1.48.
- * The stock swap agreement will escrow the new shares issued to MppApps Inc shareholders for a minimum period of 6 months from the date of issue.
- * Applabs will hold an undiluted stake in MppApps Inc of 2.17% from the stock swap agreement. If Applabs elects to convert the promissory note on the current capital structure Applabs will hold an additional 3.58% of the undiluted issued capital of MppApps Inc, giving it a total stake of 5.75%.

For further information, please contact

Damon Sweeny - Company Secretary
damon@ampereitd.com.au